

Message Text

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20

ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06

LAB-04 SIL-01 L-03 H-02 DODE-00 PA-02 PRS-01 IO-11

/121 W

----- 102527

R 221716Z JAN 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5878

INFO AMEMBASSY TOKYO

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

UNCLAS BONN 01200

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: CHANGES IN GERMAN EXPORT CREDIT AND CREDIT
GUARANTEE PROGRAM

1. THE ECONOMICS MINISTRY HAS ANNOUNCED THE FOLLOWING
CHANGES IN GERMANY'S EXPORT CREDIT AND CREDIT GUARANTEE
SYSTEM:

A. WITH REGARD TO ALL SUPPLIER CREDITS AND ALL
TIED FINANCIAL CREDITS THE PORTION OF RISK TO BE
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CARRIED BY THE EXPORTER OR BANK (SELF-PARTICIPATION)

WHICH HAD UP TO NOW BEEN 20 PERCENT FOR ECONOMIC RISKS AND 15 PERCENT FOR MOST POLITICAL RISKS WILL BE REDUCED 5 PERCENT TO 15 AND 20 PERCENT RESPECTIVELY.

B. WITH REGARD TO TIED FINANCIAL CREDIT, SELF-PARTICIPATION MAY, ON APPLICATION OF THE EXPORTER'S BANK, BE REDUCED TO 5 PERCENT. IN SUCH A CASE, HOWEVER, THIS REDUCED RISK MUST BE CARRIED BY THE BANK AND CANNOT BE TRANSFERRED TO THE EXPORTER OR COVERED BY GUARANTEES FROM THIRD PARTIES.

C. IN CASES OF TIED FINANCIAL CREDITS WHERE THE DELIVERY OF ENTIRE PLANTS ARE INVOLVED, REGULATIONS HAVE BEEN CHANGED TO PERMIT AN EXPORTER TO RECEIVE CREDIT IN STAGES PRIOR TO THE ACTUAL COMPLETION OF THE PLANT. PREVIOUSLY CREDITS WERE MADE AVAILABLE TO THE EXPORTER ONLY AFTER THE PLANT BECAME OPERATIONAL. THIS DOES NOT IMPLY THAT CONSTRUCTION PHASES ARE FINANCED BUT RATHER THAT CREDIT IS PROVIDED FOR PORTIONS OF A PLANT COMPLEX WHICH HAVE ACTUALLY BEEN DELIVERED.

2. ACCORDING TO THE ECONOMICS MINISTRY, THESE CHANGES WERE INSTITUTED IN ORDER TO BRING THE GERMAN PROGRAM "CLOSER" TO THOSE IN OTHER EUROPEAN COUNTRIES IN THE ABSENCE OF SUCCESS IN GENERATING A GENERAL POLICY FOR FINANCING AND GUARANTEE PROGRAMS WITHIN THE EC. THE MINISTRY ALSO EMPHASIZED THAT THESE CHANGES WERE NOT MADE IN VIEW OF ANY RECENT DEVELOPMENTS IN GERMANY'S EXPORTS.

HILLENBRAND

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Message Attributes

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